

Message Text

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PAGE 01 STATE 215492

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TO AMEMBASSY JAKARTA

UNCLAS STATE 215492

E.O. 11652: N/A

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SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO INDONESIA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 9.2 MILLION TO THE REPUBLIC OF INDONESIA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, TUESDAY, SEPTEMBER 16, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 9.2 MILLION SUPPORTS DOLS 23 MILLION SALE OF U.S. T.V. AND RADIO BROADCASTING EQUIPMENT TO REPUBLIC OF INDONESIA

TO HELP FINANCE A DOLS 23 MILLION SALE OF T.V. AND RADIO BROADCASTING EQUIPMENT FROM THE U.S., THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 9.2 MILLION TO THE REPUBLIC OF INDONESIA. THE MINISTRY OF INFORMATION OF THE REPUBLIC OF INDONESIA PLANS TO ESTABLISH 48 NEW RADIO AND T.V. STATIONS THROUGHOUT

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PAGE 02 STATE 215492

INDONESIA.

HARRIS CORPORATION OF QUINCY, ILLINOIS, WILL PROVIDE THE RADIO BROADCASTING EQUIPMENT WHICH WILL COST ABOUT DOLS 17 MILLION. AMPEX COMPANY OF REDWOOD CITY, CALIFORNIA, WILL PROVIDE T.V. VIDEO TAPE RECORDERS AND ACCESSORIES, INCLUDING INSTALLATION AND TRAINING OF PERSONNEL AT A COST OF ABOUT DOLS 6 MILLION.

CONSIDERABLE FOLLOW-ON BUSINESS IS EXPECTED AS A RESULT OF THE EXIMBANK'S FINANCIAL SUPPORT IN THIS TRANSACTION. SIMILAR EQUIPMENT IS AVAILABLE FROM THE FAR EAST AND EUROPE AND U.S. EXPORTERS FACED STIFF COMPETITION IN THE BIDDING.

EXIMBANK'S CREDIT REPRESENTS 40 PERCENT OF THE TOTAL U.S.

SALE. A CREDIT OF DOLS 11.5 MILLION FROM BANK OF AMERICA NT & SA IN SAN FRANCISCO, WILL FINANCE 50 PERCENT OF THE TOTAL SALE AND THE REPUBLIC OF INDONESIA, THROUGH THE MINISTRY OF FINANCE, WILL MAKE CASH PAYMENT OF 10 PERCENT, REPRESENTING THE BALANCE OF THE U.S. COSTS.

EXIMBANK'S INTEREST RATE AT 8 PERCENT PER ANNUM, COMBINED WITH THE INTEREST RATE FROM THE PRIVATE SOURCES, AT CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO THE BORROWER OF FROM 8.36 PERCENT TO 8.61 PERCENT PER ANNUM.

THE LOANS ARE TO BE REPAID IN 14 SEMIANNUAL INSTALLMENTS BEGINNING MAY 15, 1977, WITH EXIMBANK'S LOAN TO BE REPAID OUT OF THE LAST 7 INSTALLMENTS. UNQUOTE. KISSINGER

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